

Petrobras (PBR)

Rating	UNDERPERFORM* [V]
Price (10 Apr 15, US\$)	7.75
Target price (US\$)	5.00 ¹
52-week price range	20.65 - 5.01
Market cap. (US\$ m)	50,547.26
Enterprise value (US\$ m)	165,166.57

*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

¹Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

Research Analysts

Andre Sobreira, CFA

55 11 3701 6299

andre.sobreira@credit-suisse.com

Vinicius Canheu, CFA

55 11 3701 6310

vinicius.canheu@credit-suisse.com

COMMENT

A look at the subsidiaries

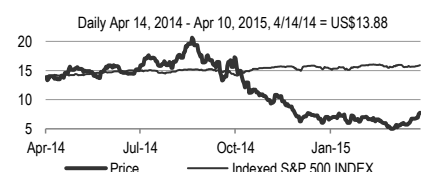
Divestments are a key part of PBR's efforts to de-lever and recover liquidity. 'What can PBR sell?' is one of the most frequently asked investor questions, especially after PBR announced its \$13.7bn divestment target. In this spirit, we go over PBR's full list of subsidiaries, JVs and associates, and provide investors with key description and financials of the most relevant companies beneath the PBR umbrella.

Three examples of key subsidiaries are:

- **BR Distribuidora (PBR 100% stake).** Petrobras' fuel distribution arm and Brazil's largest fuel distributor with a c.30% market share in retail (7,710 service stations) and 55% market share of wholesale distribution. BR had a BRL11bn book value, and BRL3.1bn reported EBITDA in 2013.
- **Gaspetro (PBR 100% stake).** PBR's subsidiary dedicated to the production, marketing, import, export, storage, transportation and distribution of natural gas, LPG, rare gases, fertilizers and its correlated products. Under the Gaspetro 'umbrella' there are 19 gas distribution companies, 6 gas transportation companies, 4 energy companies and 1 natural gas liquids (NGLs) logistics company. Gaspetro had a BRL11bn book value and BRL6.5bn reported EBITDA in 2013.
- **Transpetro (PBR 100% stake).** Transpetro operates 7,517 km of oil pipelines, 7,107 km of gas pipelines, 21 inland terminals, 28 waterway terminals and a fleet of 53 tanker ships. The company also has a processing capacity of 19.7 Mm³ of natural gas and 4.5 Mm³ of natural gas condensate. Transpetro had a book value of BRL4.8bn and EBITDA of BRL1.6bn in 2013.

In this note we provide further detail on the abovementioned companies and also on PBLOG, PBIO, Liquigas, Citepe, Suape, Braskem, Sete Brasil and others.

Share price performance



On 04/10/15 the S&P 500 INDEX closed at 2102.06

Quarterly EPS	Q1	Q2	Q3	Q4
2013A	0.59	0.46	0.23	0.42
2014E	0.35	0.34	0.37	0.23
2015E	0.25	0.23	0.19	0.22

Financial and valuation metrics

Year	12/13A	12/14E	12/15E	12/16E
Revenue (US\$ m)	141,152.8	139,532.9	123,122.7	121,318.5
EBIDAX (US\$ m)	29,688.9	26,822.4	26,277.3	26,075.9
EPS (CS adj.) (US\$)	1.67	1.29	0.87	0.75
Prev. EPS (US\$)	—	—	—	—
ROIC (%)	5.40	3.78	2.88	2.59
P/E (x)	4.6	6.0	8.9	10.3
P/E rel. (%)	25.8	34.0	56.7	73.9
OCFPS (US\$)	4.28	3.75	4.08	3.59
P/OCF (x)	3.2	2.1	1.9	2.2
Qtrly ent. val./tot. EBIDAX	4.5	4.8	5.0	5.2
Net debt (US\$ m)	94,678	114,619	122,858	134,119
Dividend (current, US\$)	0.54	—	—	—
Dividend yield (%)	—	—	—	—
Net debt current qtr (US\$ m)	114,619.3	—	—	—
Net debt/tot eq (Next Qtr., %)	—	—	—	68.2
BV/share (Next Qtr., US\$)	25.6	—	—	282,568.2
GIC (12/14E, US\$)	—	—	—	—
EV qtr/GIC (x)	0.51	—	—	—
Current WACC	—	—	—	—
Free float (%)	49.6	—	—	—
Number of shares (m)	—	—	—	6,522.23

Source: Company data, Credit Suisse estimates.

DISCLOSURE APPENDIX AT THE BACK OF THIS REPORT CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, AND THE STATUS OF NON-US ANALYSTS. US Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Exhibit 1: Key PBR subsidiaries, JVs, Associates

Subsidiary / JV / Associate Company	Main business	PBR stake (% as of end 2013)	2013 book value, 100% stake (US\$m)	Country
Petrobras Netherlands B.V. - PNBV	E&P	100%	13,036	Netherlands
Petrobras Distribuidora S.A. - BR	Distribution	100%	5,080	Brazil
Petrobras Gás S.A. - Gaspetro	Gas & Power	100%	4,539	Brazil
Petrobras Transporte S.A. - Transpetro	RT&M	100%	2,061	Brazil
Petrobras International Braspetro - PIB BV	International	88%	1,859	Netherlands
Petrobras Logística de Exploração e Produção S.A. - PB-LOG	E&P	100%	1,430	Brazil
Companhia Integrada Têxtil de Pernambuco S.A. - Citepe	RT&M	100%	1,069	Brazil
Petrobras Biocombustível S.A. - PBIO	Biofuels	100%	905	Brazil
Companhia Petroquímica de Pernambuco S.A. - PetroquímicaSuape	RT&M	100%	640	Brazil
Petrobras International Finance Company - PifCo	Corporate	100%	(483)	Luxembourg
Liquigás Distribuidora S.A.	Distribution	100%	367	Brazil
Araucária Nitrogenados S.A.	Gas & Power	100%	337	Brazil
Termomacaé Ltda.	Gas & Power	100%	319	Brazil
5283 Participações Ltda.	International	100%	221	Brazil
Breitener Energética S.A.	Gas & Power	94%	216	Brazil
Termobahia S.A.	Gas & Power	99%	185	Brazil
Arembepe Energia S.A.	Gas & Power	100%	134	Brazil
Petrobras Comercializadora de Energia Ltda. - PBEN	Gas & Power	100%	128	Brazil
Baixada Santista Energia S.A.	Gas & Power	100%	115	Brazil
Fundo de Investimento Imobiliário RB Logística - FII	E&P	99%	106	Brazil
Energética Camaçari Muriçy I Ltda.	Gas & Power	100%	77	Brazil
Termomacaé Comercializadora de Energia Ltda	Gas & Power	100%	39	Brazil
Braspetro Oil Services Company - Brasoil	E&P	100%	(29)	Cayman Islands
Cordoba Financial Services GmbH	Corporate	100%	23	Austria
Petrobras Negócios Eletrônicos S.A. - E-Petro	Corporate	100%	13	Brazil
Downstream Participações Ltda.	Corporate	100%	(1)	Brazil
Fábrica Carioca de Catalizadores S.A. - FCC	RT&M	50%	130	Brazil
Ibiritermo S.A.	Gas & Power	50%	56	Brazil
Logum Logística S.A.	RT&M	20%	121	Brazil
Cia Energética Manauara S.A.	Gas & Power	40%	64	Brazil
Petrocoque S.A. Indústria e Comércio	RT&M	50%	53	Brazil
Brasympe Energia S.A.	Gas & Power	20%	35	Brazil
Participações em Complexos Bioenergéticos S.A. - PCBIOS	Biofuels	50%	26	Brazil
Refinaria de Petróleo Riograndense S.A.	RT&M	33%	22	Brazil
METANOR S.A. - Metanol do Nordeste	RT&M	35%	21	Brazil
Brentech Energia S.A.	Gas & Power	30%	21	Brazil
Companhia de Coque Calcinado de Petróleo S.A. - Coquepar	RT&M	45%	20	Brazil
Eólica Mangue Seco, 1-4-	Gas & Power	49-51%	66	Brazil
GNL do Nordeste Ltda.	Gas & Power	50%	-	Brazil
Braskem S.A.	RT&M	36%	3,241	Brazil
Fundo de Investimento em Participações de Sondas	E&P	5%	1,774	Brazil
Sete Brasil Participações S.A.	E&P	5%	1,099	Brazil
UTE Norte Fluminense S.A.	Gas & Power	10%	388	Brazil
UEG Araucária Ltda.	Gas & Power	20%	300	Brazil
Deten Química S.A.	RT&M	28%	128	Brazil
Energética SUAPE II S.A.	Gas & Power	20%	92	Brazil
Termoelétrica Potiguar S.A. - TEP	Gas & Power	20%	36	Brazil
Nitroclor Ltda.	RT&M	39%	-	Brazil
Bioenergética Britarumã S.A.	Gas & Power	30%	-	Brazil

Source: Company data, Credit Suisse estimates

Exhibit 1 above lists the most relevant subsidiaries, JVs and associates within Petrobras, alongside each entity's main business segment, PBR's stake, book value, and country of

incorporation. In the sections below we provide further description and financials of the subsidiaries we found most relevant (highlighted in blue in Exhibit 1).

Petrobras Distribuidora – BR (100% stake)

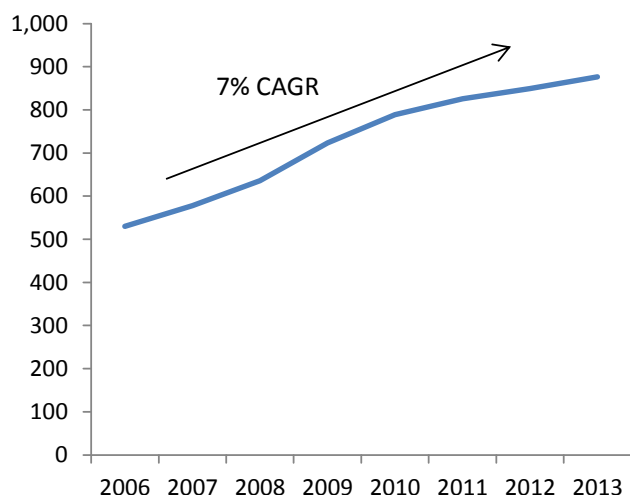
BR is Petrobras' fuel distribution arm and Brazil's largest fuel distributor with a c.30% market share in retail (7,710 service stations) and 55% market share of wholesale distribution. Key competitors for BR are Ipiranga (owned by Ultrapar) and Raizen (a JV between Cosan and Shell), each with a c.20% market share. The fuel distribution market in Brazil has seen significant growth over the past eight years, boosting the Ultrapar and Cosan share prices – both listed companies currently trading at c. 7-10x EV/EBITDA.

Exhibit 2: BR – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Petrobras Distribuidora S.A.		2013	2012	Petrobras Distribuidora S.A.		2013	2012
Net Revenue	BRLm	86,585	80,127	Cash	BRLm	931	1,056
EBIT	BRLm	2,797	2,776	Gross Debt	BRLm	1,403	1,032
EBITDA reported	BRLm	3,103	3,014	Net Debt	BRLm	472	(24)
EBITDA calculated	BRLm	3,177	3,166	Book value	BRLm	11,901	9,586
Net Income	BRLm	2,132	1,891	Net Working Capital	BRLm	2,148	2,930
CAPEX	BRLm	641	1,256				

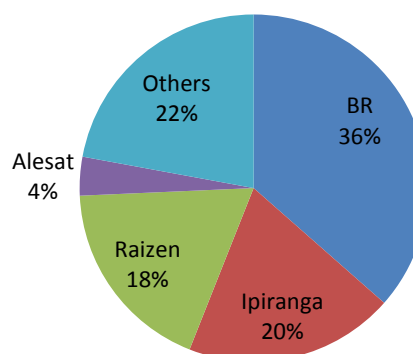
Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

Exhibit 3: BR sales volumes (kbd)



Source: Company data

Exhibit 4: Brazilian fuel distribution market share (2013)



Source: Sindicom

Petrobras Gas – Gaspetro (100% stake)

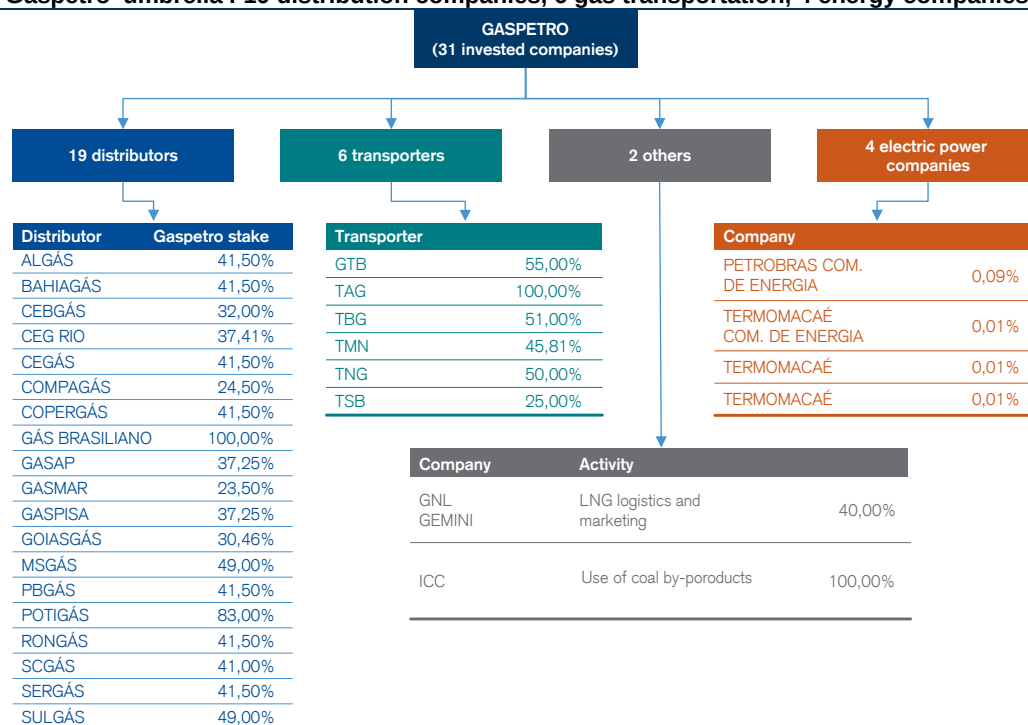
Gaspetro is a subsidiary of PBR dedicated to the production, marketing, import, export, storage, transportation and distribution of natural gas, LPG, rare gases, fertilizers and its correlated products. Under the Gaspetro 'umbrella' there are 19 gas distribution companies, 6 gas transportation companies, 4 energy companies and 1 natural gas liquids (NGLs) logistics company (Exhibit 6 and Exhibit 7).

In Exhibit 5 we illustrate key financials from Gaspetro and from Exhibit 7 to Exhibit 11 some business metrics on the gas transportation and distribution businesses. We then provide some further colour on two of the gas transportation companies in the Brazil-Bolivia frontier: TBG and GTB.

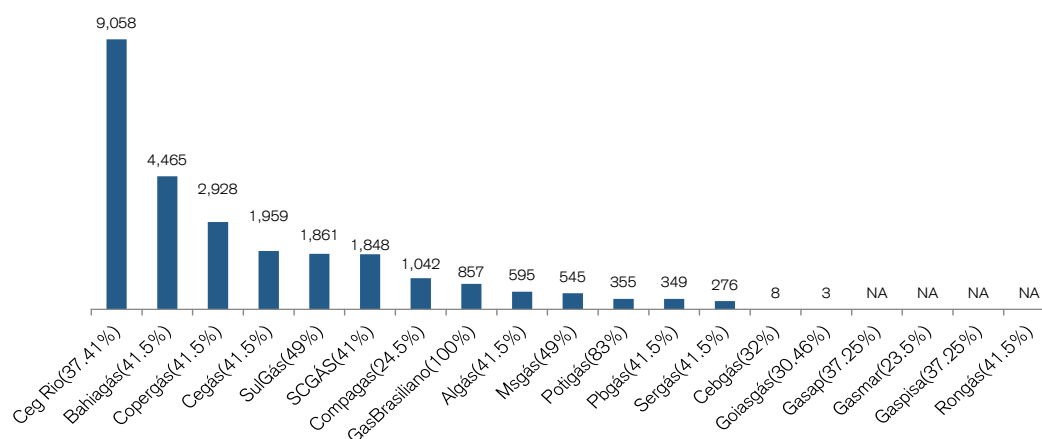
Exhibit 5: Gaspetro BR – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Petrobras Gas S.A.		2013	2012	Petrobras Gas S.A.		2013	2012
Net Revenue	BRLm	7,128	6,211	Cash	BRLm	1,480	694
EBIT	BRLm	5,439	4,366	Gross Debt	BRLm	20,506	19,373
EBITDA reported	BRLm	6,574	5,442	Net Debt	BRLm	19,026	18,679
EBITDA calculated	BRLm	6,574	5,442	Book value	BRLm	10,913	10,198
Net Income	BRLm	1,827	1,845	Net Working Capital	BRLm	1,458	(1,611)
CAPEX		BRLm	350			922	

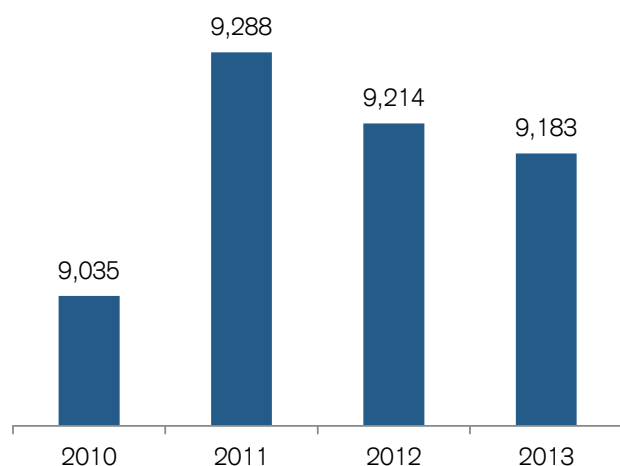
Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

Exhibit 6: The Gaspetro 'umbrella': 19 distribution companies, 6 gas transportation, 4 energy companies, 2 others

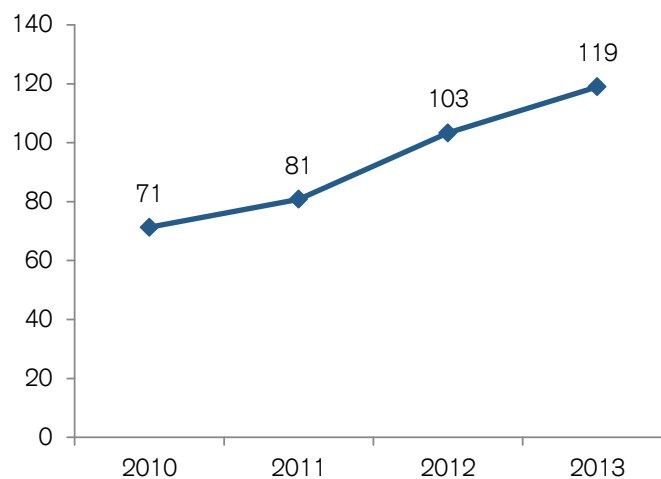
Source: Company data

Exhibit 7: Total volume marketed by distributor (thousand m³/day)

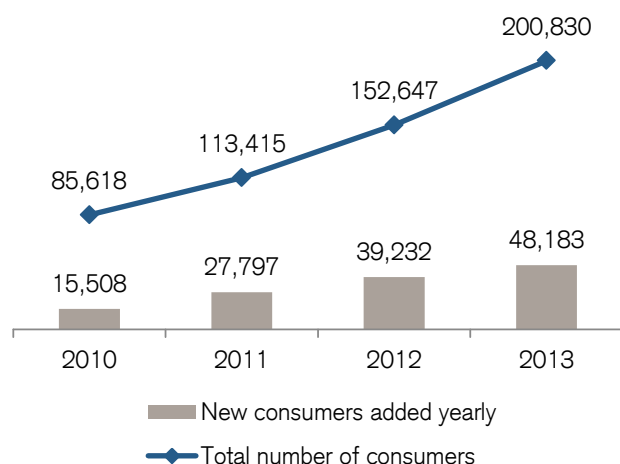
Source: Company data

Exhibit 8: Gaspetro's gas transportation business: gas transportation pipeline extension (km)

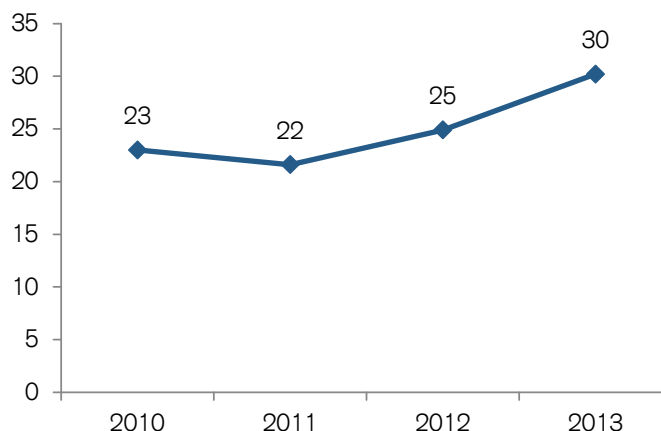
Source: Company data

Exhibit 9: Gaspetro's gas transportation business: total gas volume transported (million m³/day)

Source: Company data

Exhibit 10: Gaspetro's gas distribution business: number of consumers

Source: Company data

Exhibit 11: Gaspetro's gas distribution business: total volume marketed (million m³/day)

Source: Company data

Transportadora Brasileira Gasoduto Bolivia-Brasil – TBG (51% stake)

The Transportadora Brasileira Gasoduto Bolivia-Brasil S.A. (TBG) is the owner and operator of the Bolivia-Brazil gas pipeline within the Brazilian territory. The pipeline is 2,593km in extension and has capacity to carry 30 million m³/day of natural gas.

TBG is a publicly-held closed capital company. Its shareholders are Gaspetro with 51%, BBPP Holdings Ltda with 29%, YPFB Transporte do Brasil Holding Ltda. with 12% and GTB-TBG Holdings S.A.R.L. with 8%.

Exhibit 12: TBG – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
TBG		2013	2012	TBG		2013	2012
Net Revenue	BRLm	959	843	Cash	BRLm	115	102
EBIT	BRLm	599	462	Gross Debt	BRLm	448	463
EBITDA reported	BRLm	-	-	Net Debt	BRLm	333	361
EBITDA calculated	BRLm	752	611	Book value	BRLm	714	871
Net Income	BRLm	228	191	Net Working Capital	BRLm	(269)	(232)
CAPEX	BRLm	60	51				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

GasTransboliviano S.A. – GTB (11% stake)

The GasTransboliviano S.A. (GTB) is the owner and operator of the Bolivia-Brazil gas pipeline within the Bolivian territory. The company operates 557km of the pipeline, for which the capacity is 32 million m³ /day of natural gas. Of this capacity, 30 million m³/day is reserved for delivery in Brazil on the border with Mato Grosso do Sul, and c.2 million m³/day for delivery in Chiquitos to supply the Bolivian market and the Gasoduto Lateral Cuiabá.

GTB is a publicly held company closed capital company. Its shareholders are YPFB Transporte S.A. with 51%, EIG Bolivia Pipeline AB with 38% and Petrobras Gas S.A. (Gaspetro) with 11%.

Exhibit 13: GTB – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
GTB		2013	2012	GTB		2013	2012
Net Revenue	USDm	110	116	Cash	USDm	48	25
EBIT	USDm	49	60	Gross Debt	USDm	-	12
EBITDA reported	USDm	-	-	Net Debt	USDm	(48)	(13)
EBITDA calculated	USDm	90	97	Book value	USDm	621	583
Net Income	USDm	38	45	Net Working Capital	USDm	59	(2)
CAPEX	USDm	13	13				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

Petrobras Transporte – Transpetro (100% stake)

Transpetro is Petrobras' wholly owned subsidiary responsible for transportation and storage of oil, its products, gas and biofuels. Transpetro also is the largest Brazilian natural gas processing company.

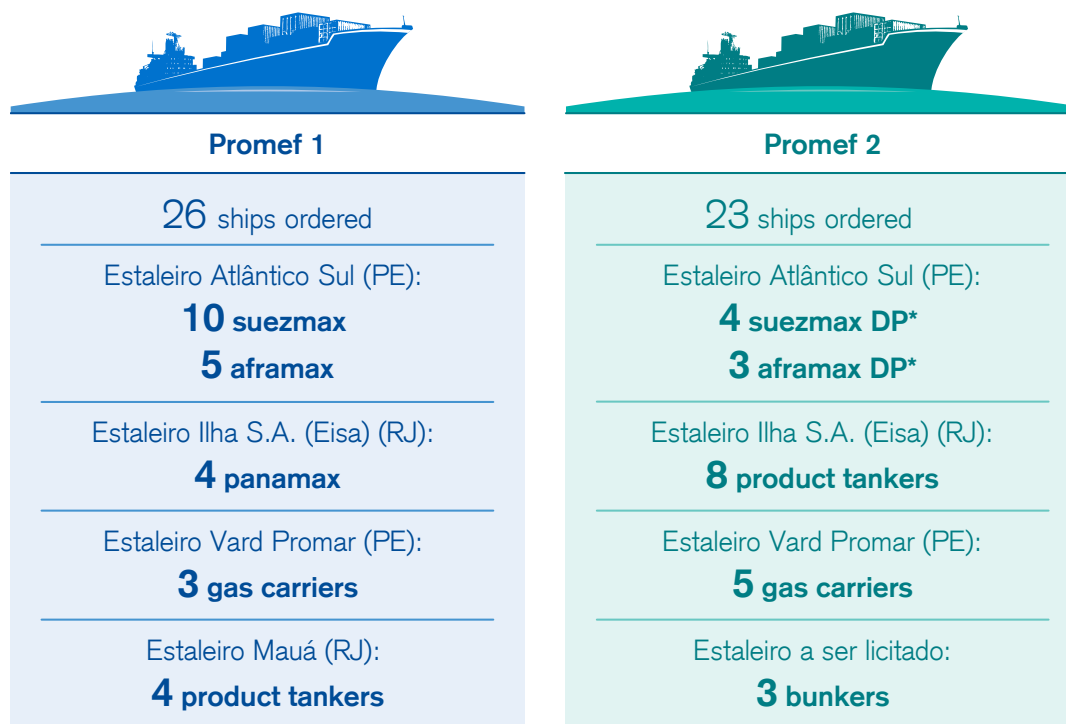
Transpetro operates 7,517 km of oil pipelines, 7,107 km of gas pipelines, 21 inland terminals, 28 waterway terminals and a fleet of 53 tanker ships. The company also has a processing capacity of 19.7 Mm³ of natural gas and 4.5 Mm³ of natural gas condensate.

Exhibit 14: Transpetro – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Petrobras Transporte S.A.		2013	2012	Petrobras Transporte S.A.		2013	2012
Net Revenue	BRLm	5,849	5,342	Cash	BRLm	1,136	634
EBIT	BRLm	1,349	1,076	Gross Debt	BRLm	2,226	1,430
EBITDA reported	BRLm	1,677	1,336	Net Debt	BRLm	1,090	796
EBITDA calculated	BRLm	1,787	1,523	Book value	BRLm	4,832	3,906
Net Income	BRLm	924	711	Net Working Capital	BRLm	1,170	640
CAPEX	BRLm	1,085	953				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

In 2004, Transpetro spearheaded a major shipbuilding programme (Promef) to renew its tanker fleet. The programme comprised the building of 49 new tankers in four local shipyards. As of 2014, ten years after the launch of the programme, only 10 of the 49 tankers have been delivered.

Exhibit 15: Schematics of the PROMEF – number of tankers per shipyards

*dynamic positioning

Source: Company data

Petrobras Logística de Exploração – PBLOG (100% stake)

PB-LOG, Petrobras Logística de Exploração e Produção S.A., is a publicly-held company and wholly owned subsidiary of Petrobras that formerly performed refining and processing activities, but since 2012-13 started to focus on logistics services for the E&P segment. The two first and major contracts for PBLOG were for E&P logistics services for the Papa-Terra field (PBR 63%, CVX 37%).

Exhibit 16: PBLOG – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Petrobras Logística de Exploração		2013	2012	Petrobras Logística de Exploração		2013	2012
Net Revenue	BRLm	51	3,259	Cash	BRLm	3,860	3,916
EBIT	BRLm	70	173	Gross Debt	BRLm	1,097	1,475
EBITDA reported	BRLm	-	-	Net Debt	BRLm	(2,763)	(2,441)
EBITDA calculated	BRLm	71	338	Book value	BRLm	3,351	3,435
Net Income	BRLm	70	173	Net Working Capital	BRLm	3,717	3,948
CAPEX	BRLm	4	(4,212)				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed. Note: 2012 CAPEX is negative indicating BRL 4.2bn of net divestments.

Citepe – Cia Integrada Textil de Pernambuco (100% stake)

CITEPE is a wholly owned subsidiary of Petrobras which produces and markets continuous filaments of polyester yarn (POY) and polyethylene terephthalate (PET) and its related products.

CITEPE's plant is located in the industrial complex of Ipojuca-PE, motivated by the investment cycle Petrobras initiated in the region with the establishment of PetroquímicaSuape. The main benefit of installing such complex in Ipojuca is the proximity of the site to the Port of Suape and the newbuild Abreu e Lima (RNEST) refinery, facilitating access to raw materials and allowing optimization of logistics.

Of the 64 machines in project, 2013 ended with 18 of them in operation. All 64 units were expected to be ready to operate by August 2014. In 2013 the company also completed the construction of a PET resin production unit. The PET segment has had the best marketing margins across the polyester supply chain.

Exhibit 17: Citepe – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Cia Integrada Têxtil de Pernambuco		2013	2012	Cia Integrada Têxtil de Pernambuco		2013	2012
Net Revenue	BRLm	78	44	Cash	BRLm	241	99
EBIT	BRLm	(153)	41	Gross Debt	BRLm	1,530	1,488
EBITDA reported	BRLm	-	-	Net Debt	BRLm	1,289	1,389
EBITDA calculated	BRLm	(137)	50	Book value	BRLm	3,046	2,127
Net Income	BRLm	(216)	11	Net Working Capital	BRLm	176	(16)
CAPEX	BRLm	777	1,170				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

PetroquímicaSuape (100% stake)

PetroquímicaSuape, is a closed capital corporation, wholly owned by Petrobras, engaged in the production, distribution and marketing of terephthalic acid and related products.

PetroquímicaSuape's plant is located in the industrial complex of Ipojuca-PE for which the main benefit is the proximity of the site to the Port of Suape and the new built Abreu e Lima (RNEST) refinery, facilitating access to raw materials and allowing optimization of logistics, as well as various tax advantages.

The Complexo Petroquímico de Suape (PQS) consists of three fully integrated plants: PTA unit (terephthalic acid), polyester yarn unit and PET resin unit. The first plant, which belongs to PetroquímicaSuape, processes the PX (paraxylene) for the production of PTA, which in turn is the main raw material of the two Citepe plants in the production of textile polyester filaments and PET resin.

In March 2013 the Company initiated the production of PTA, which in turn was stabilized only in August 2013 after a period of operational adjustments. Before the start of operations in this unit, there was no national PTA production. The total production capacity by PetroquímicaSuape is 700 thousand ton/year. The volume is sufficient to meet demand of the other production units in the Textile-Chemical Industrial Complex and generate an extra 100 thousand ton surplus that will go to domestic and international markets.

Exhibit 18: PetroquímicaSuape – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
PetroquímicaSuape		2013	2012	PetroquímicaSuape		2013	2012
Net Revenue	BRLm	525	8	Cash	BRLm	136	48
EBIT	BRLm	(389)	(46)	Gross Debt	BRLm	2,186	2,441
EBITDA reported	BRLm	-	-	Net Debt	BRLm	2,050	2,393
EBITDA calculated	BRLm	(265)	(43)	Book value	BRLm	1,499	1,404
Net Income	BRLm	(555)	(83)	Net Working Capital	BRLm	(6)	(169)
CAPEX							
	BRLm	89	276				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

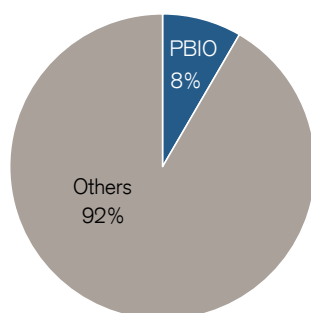
Petrobras Biocombustíveis – PBIO (100% stake)

PBIO is a wholly owned subsidiary of Petrobras involved in the production of ethanol and biodiesel, as well as related products and activities, such as power cogeneration. PBIO and its partner companies have biodiesel production capacity of 821 thousand m³/year. PBIO owns 3 plants, while it is partner with BSBIOS in other 2 units. In the ethanol business, PBIO partners with Bambui, Guarani and Nova Fronteira for operating plants in Brazil and Moçambique for a total production capacity of 1.5 million m³/year.

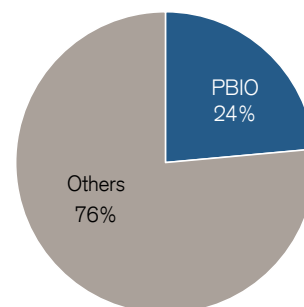
Exhibit 19: PBIO – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Petrobras Biocombustíveis S.A.		2013	2012	Petrobras Biocombustíveis S.A.		2013	2012
Net Revenue	BRLm	833	895	Cash	BRLm	29	15
EBIT	BRLm	(322)	(216)	Gross Debt	BRLm	0	0
EBITDA reported	BRLm	82	94	Net Debt	BRLm	(29)	(15)
EBITDA calculated	BRLm	(315)	(209)	Book value	BRLm	2,121	1,916
Net Income	BRLm	(323)	(217)	Net Working Capital	BRLm	(69)	75
CAPEX							
	BRLm	371	250				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

Exhibit 20: Brazilian ethanol production market share (2013)

Source: Company data

Exhibit 21: Brazilian biodiesel production market share (2013)

Source: Company data

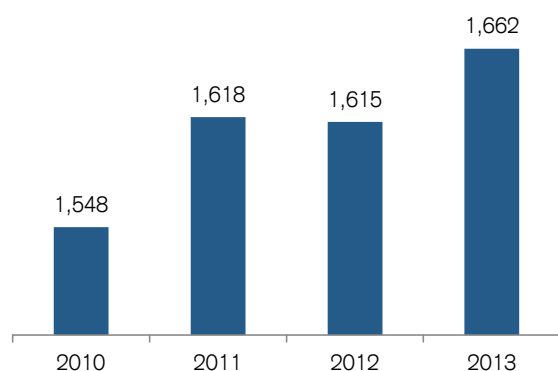
Liquigas (100% stake)

The Liquigás Distribuidora S.A. (Liquigás) is a publicly-held company, wholly owned by Petrobras, engaged in the handling, storage, bottling, transportation, distribution and marketing of oil refinery by-products, especially LPG. In 2013 Liquigas sold 1,662 thousand tons of LPG, representing a market share of 22.7 %.

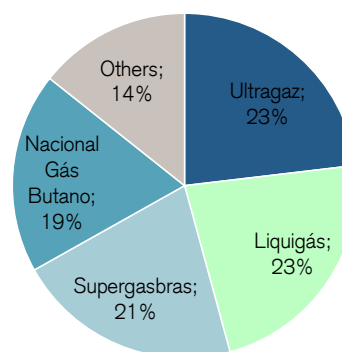
Exhibit 22: Liquigas – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Liquigas Distribuidora S.A.		2013	2012	Liquigas Distribuidora S.A.		2013	2012
Net Revenue	BRLm	2,899	2,768	Cash	BRLm	23	15
EBIT	BRLm	63	82	Gross Debt	BRLm	64	89
EBITDA reported	BRLm	113	126	Net Debt	BRLm	41	74
EBITDA calculated	BRLm	134	145	Book value	BRLm	859	848
Net Income	BRLm	23	45	Net Working Capital	BRLm	16	49
CAPEX	BRLm	86	155				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

Exhibit 23: Liquigas LPG distribution business: total volume marketed (kton)

Source: Company data

Exhibit 24: Brazilian LPG distribution market share

Source: Ultrapar Holdings 20-F, 2013

Braskem (36% stake)

Braskem is a publically-held company listed in Brazil (BM&FBovespa), New York (NYSE) and Madrid Stock Exchange (LATIBEX). It is the largest producer of thermoplastic resins in the Americas, based on the production capacity of its 29 plants in Brazil, 5 plants in the United States and 2 plants in Germany.

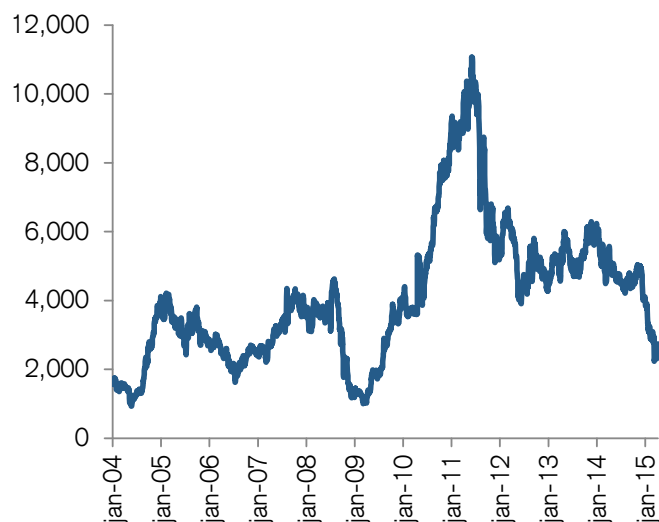
Each year the company produces more than 16 million tons of petrochemical products and intermediate chemicals. Additionally, the joint venture between Braskem (75%) and Idesa (25%), expected to start up late 2015 in Mexico, will add another 750 thousand tons of high density polyethylene and 300 thousand tons of low-density polyethylene in capacity.

Exhibit 25: Braskem – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Braskem		2014	2013	Braskem		2014	2013
Net Revenue	BRLm	46,031	40,969	Cash	BRLm	3,993	4,336
EBIT	BRLm	3,569	2,740	Gross Debt	BRLm	20,337	18,603
EBITDA reported	BRLm	5,620	4,813	Net Debt	BRLm	16,344	14,267
EBITDA calculated	BRLm	5,625	4,796	Book value	BRLm	5,894	7,681
Net Income	BRLm	726	507	Net Working Capital	BRLm	5,217	(1,598)
CAPEX		BRLm	4,977	4,954			

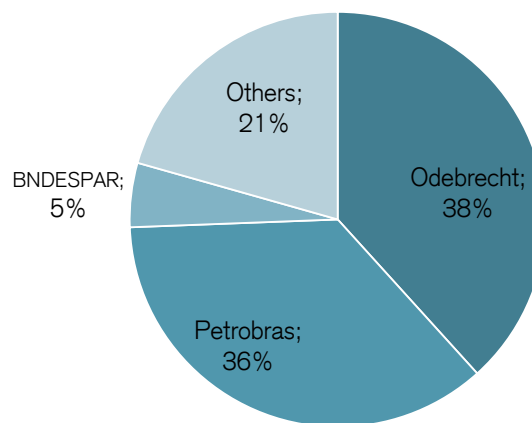
Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

Exhibit 26: Braskem market cap over time (US\$m)



Source: Bloomberg

Exhibit 27: Braskem shareholder structure



Source: Company data

Sete Brasil Participacoes (9.4% stake)

Sete Brasil was created as an off-balance sheet solution to Petrobras' demand of a large number of drilling units in Brazil with high local content for the pre-salt province development. The company is owned 95% by FIP Sondas (in which Petrobras has a 4.59% participation) and 5% directly by Petrobras.

Exhibit 28: Sete Brasil – key P&L, balance sheet and cashflow metrics

P&L				Balance Sheet & Cashflow			
Sete Brasil		2013	2012	Sete Brasil		2013	2012
Net Revenue	BRLm	-	-	Cash	BRLm	1,002	566
EBIT	BRLm	(104)	(94)	Gross Debt	BRLm	10,824	2,798
EBITDA reported	BRLm	-	-	Net Debt	BRLm	9,822	2,232
EBITDA calculated	BRLm	(101)	(91)	Book value	BRLm	2,965	2,053
Net Income	BRLm	159	(73)	Net Working Capital	BRLm	(8,527)	(3,893)
CAPEX							
	BRLm	6,710	4,001				

Source: Company data. Note: Definition of EBITDA calculated is reported EBIT + DA. For some of the subsidiaries, this number may differ from EBITDA as reported due to other adjustments which in many occasions are not available / disclosed.

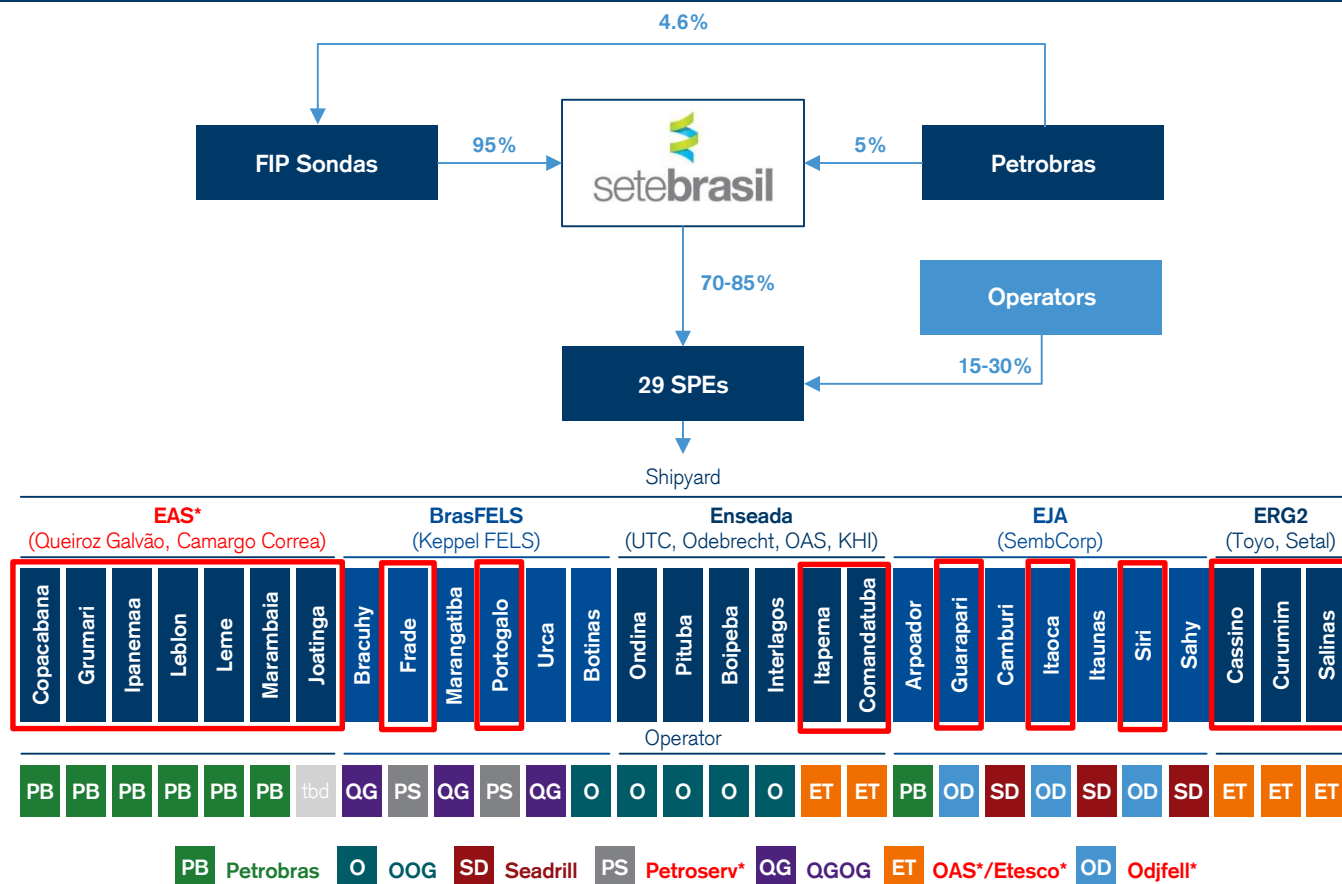
Sete's initial aspirations included 29 locally-built rigs, financed 75/25% by debt/equity, for a total capex budget of c.\$26bn. Each rig is a SPE owned 15-30% by the operator and the other 70-85% by Sete Brasil. Operators originally included Odfjell Drilling, Galvão O&G, OAS, ETESCO, Petroserv, QGOG, OOG, Petrobras and Seadrill. Original shipyard partners for the 29 rigs were EAS, Keppel Fels, Enseada, EJA and ERG2.

Sete Brasil has been directly mentioned in the PBR-corruption hearings, and now finds itself in a difficult position on two main fronts: (1) partners quitting the project, and (2) funding.

- **Partners quitting the project:** Suppliers have publicly complained about default in payments. According to the media, operators ETESCO, OAS, Odfjell Drilling and Petroserv and shipyard EAS have either notified Sete of their intentions to abandon the project or trying to sell their stakes in the rigs and shipyards.
- **Funding.** Currently, Sete's capital base includes BRL 8.3bn (~US\$ 2.7bn) of equity injected by the shareholders, and US\$ 3.6bn of funding, mostly loan bridges, from banks Banco do Brasil, Itau BBA, Santander, Caixa, Standard Chartered and Bradesco. The funding structure had initially been structured around 'batches' according to rig delivery dates. The first batch is formed by 8 rigs to be delivered in 2015/2016, the second batch contains 13 rigs due 2017/2018 and the third batch other 8 rigs due 2019/2020. Sete now has the following issues on funding:
 - Most of the \$3.6bn bridge loan originally expired in February, April and May 2014. Sete had reportedly managed to roll-over some of that funding for around one year. Most banks, except Standard Chartered, are now reportedly agreeing not to execute guarantees for a period of 90 days (ie until around June 2015).
 - One of the banks on the bridge loans, Standard Chartered filed, in late March 2015, a formal request to trigger loan guarantees. Sete formally defaulted on \$250m, and had its credit rating downgraded by S&P to Selective Default.
 - Sete had originally planned to substitute the bridge loans with long term funding from the BNDES and the Merchant Marine Fund (FMM), for a total of up to \$9.3bn from the BNDES for the first and second rig batches and BRL10.3bn (~US\$ 3.3bn) from the FMM for the third batch. After Sete was mentioned in the corruption hearings, media has been reporting

the BNDES has denied the previously agreed funding. There is a reported effort from public banks Banco do Brasil and Caixa to step in and provide the funding initially due from the BNDES, contingent on a reduction in the overall capex plan and number of rigs. Different media sources have been quoting the new number of rigs to be anywhere from 13 to 21.

Exhibit 29: Sete Brasil – original structure for building and operating the rigs



*Notified intention to abandon the project.

Source: Company data. Note: tbd means operator 'to be defined'.

Companies Mentioned (Price as of 13-Apr-2015)

Banco do Brasil (BBAS3.SA, R\$24.25)
Bradesco (BBDC4.SA, R\$31.01)
Braskem (BRKM5.SA, R\$11.78)
Cosan (CSAN3.SA, R\$29.6)
Itau Unibanco (ITUB4.SA, R\$36.73)
Petrobras (PBR.N, \$8.0, UNDERPERFORM[V], TP \$5.0)
Seadrill (SDRL.N, \$10.8)
Sembcorp Marine Ltd. (SCMN.SI, S\$3.04)
Standard Chartered Plc (STAN.L, 1106.0p)
Ultrapar Participações S.A. (UGPA3.SA, R\$66.39)

Disclosure Appendix

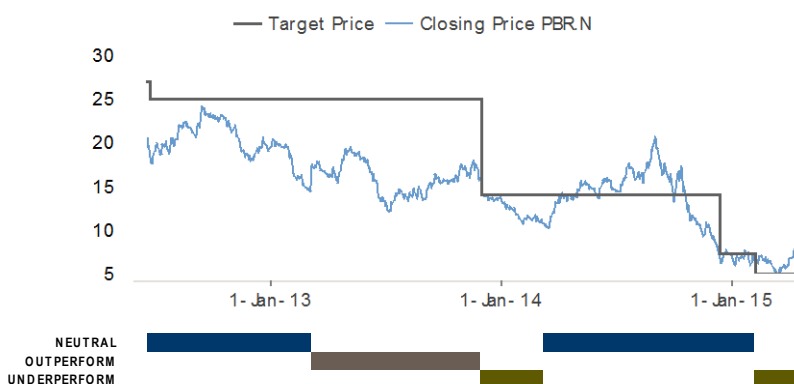
Important Global Disclosures

Andre Sobreira, CFA and Vinicius Canheu, CFA, each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Petrobras (PBR.N)

PBR.N	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
20-Jun-12	20.47	27.00	N
24-Jun-12	19.60	25.00	
07-Mar-13	17.56	25.00	O
16-Jul-13	13.42		*
28-Oct-13	17.35	25.00	O
01-Dec-13	15.94	14.00	U
11-Mar-14	10.54	14.00	N
14-Dec-14	7.11	7.30	*
08-Feb-15	6.54	5.00	U

* Asterisk signifies initiation or assumption of coverage.



The analyst(s) responsible for preparing this research report received Compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

*Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, 12-month rolling yield is incorporated in the absolute total return calculation and a 15% and a 7.5% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively. The 15% and 7.5% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively. Prior to 10th December 2012, Japanese ratings were based on a stock's total return relative to the average total return of the relevant country or regional benchmark.

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

**An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	44%	(54% banking clients)
Neutral/Hold*	38%	(50% banking clients)
Underperform/Sell*	16%	(44% banking clients)
Restricted	3%	

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: http://www.csfb.com/research-and-analytics/disclaimer/managing_conflicts_disclaimer.html

Credit Suisse does not provide any tax advice. Any statement herein regarding any US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purposes of avoiding any penalties.

Price Target: (12 months) for Petrobras (PBR.N)

Method: Our \$5/ADR target price methodology consists of taking dividend discount model with zero growth and 14% discount rate (nominal in R\$), using Petrobra's minimum preferred dividend of R\$0.92/sh

Risk: Risks to our US\$5.0/ADR target price for Petrobras include, but are not restricted to, (1) changes in oil prices, (2) foreign exchange rate variations, (3) changes in the regulatory environment in Brazil, (4) political interference (Petrobras is controlled by the Brazilian government), (5) delays in the execution of its main E&P projects, (6) potential controls on domestic prices of refined products, (7) further equity dilution from an eventual capital raise, (8) any surprise cost cutting, capex cut, strong divestments that may de-lever the company.

Please refer to the firm's disclosure website at <https://rave.credit-suisse.com/disclosures> for the definitions of abbreviations typically used in the target price method and risk sections.

See the Companies Mentioned section for full company names

The subject company (PBR.N) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.

Credit Suisse provided investment banking services to the subject company (PBR.N) within the past 12 months.

Credit Suisse has received investment banking related compensation from the subject company (PBR.N) within the past 12 months

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (PBR.N) within the next 3 months.

Important Regional Disclosures

Singapore recipients should contact Credit Suisse AG, Singapore Branch for any matters arising from this research report.

The analyst(s) involved in the preparation of this report have not visited the material operations of the subject company (PBR.N) within the past 12 months

Restrictions on certain Canadian securities are indicated by the following abbreviations: NVS--Non-Voting shares; RVS--Restricted Voting Shares; SVS--Subordinate Voting Shares.

Individuals receiving this report from a Canadian investment dealer that is not affiliated with Credit Suisse should be advised that this report may not contain regulatory disclosures the non-affiliated Canadian investment dealer would be required to make if this were its own report.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit http://www.csfb.com/legal_terms/canada_research_policy.shtml.

Credit Suisse has acted as lead manager or syndicate member in a public offering of securities for the subject company (PBR.N) within the past 3 years.

As of the date of this report, Credit Suisse acts as a market maker or liquidity provider in the equities securities that are the subject of this report.

Principal is not guaranteed in the case of equities because equity prices are variable.

Commission is the commission rate or the amount agreed with a customer when setting up an account or at any time after that.

Andre Sobreira, CFA & Vinicius Canheu, CFA each certify that (1) The views expressed in this report solely and exclusively reflect my personal opinions and have been prepared independently, including with respect to Banco de Investimentos Credit Suisse (Brasil) S.A. or its affiliates ("Credit Suisse"). (2) Part of my compensation is based on various factors, including the total revenues of Credit Suisse, but no part of my compensation has been, is, or will be related to the specific recommendations or views expressed in this report. In addition, Credit Suisse declares that: Credit Suisse has provided, and/or may in the future provide investment banking, brokerage, asset management, commercial banking and other financial services to the subject company/companies or its affiliates, for which they have received or may receive customary fees and commissions, and which constituted or may constitute relevant financial or commercial interests in relation to the subject company/companies or the subject securities.

Andre Sobreira, CFA is the responsible analyst for this report according to Instruction CVM 483

To the extent this is a report authored in whole or in part by a non-U.S. analyst and is made available in the U.S., the following are important disclosures regarding any non-U.S. analyst contributors: The non-U.S. research analysts listed below (if any) are not registered/qualified as research analysts with FINRA. The non-U.S. research analysts listed below may not be associated persons of CSSU and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Banco de Investments Credit Suisse (Brasil) SA or its affiliates. Andre Sobreira, CFA ; Vinicius Canheu, CFA

For Credit Suisse disclosure information on other companies mentioned in this report, please visit the website at <https://rave.credit-suisse.com/disclosures> or call +1 (877) 291-2683.

References in this report to Credit Suisse include all of the subsidiaries and affiliates of Credit Suisse operating under its investment banking division. For more information on our structure, please use the following link: <https://www.credit-suisse.com/who-we-are/en>. This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse AG or its affiliates ("CS") to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS or its affiliates. The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. CS will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. CS does not advise on the tax consequences of investments and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change. Information and opinions presented in this report have been obtained or derived from sources believed by CS to be reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Some investments referred to in this report will be offered solely by a single entity and in the case of some investments solely by CS, or an associate of CS or CS may be the only market maker in such investments. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk. Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed. This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk. This report is issued and distributed in Europe (except Switzerland) by Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, England, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. This report is being distributed in Germany by Credit Suisse Securities (Europe) Limited Niederlassung Frankfurt am Main regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). This report is being distributed in the United States and Canada by Credit Suisse Securities (USA) LLC; in Switzerland by Credit Suisse AG; in Brazil by Banco de Investimentos Credit Suisse (Brasil) S.A. or its affiliates; in Mexico by Banco Credit Suisse (México), S.A. (transactions related to the securities mentioned in this report will only be effected in compliance with applicable regulation); in Japan by Credit Suisse Securities (Japan) Limited, Financial Instruments Firm, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association; elsewhere in Asia/ Pacific by whichever of the following is the appropriately authorised entity in the relevant jurisdiction: Credit Suisse (Hong Kong) Limited, Credit Suisse Equities (Australia) Limited, Credit Suisse Securities (Thailand) Limited, regulated by the Office of the Securities and Exchange Commission, Thailand, having registered address at 990 Abdulrahman Place, 27th Floor, Unit 2701, Rama IV Road, Silom, Bangkok, Bangkok 10500, Thailand, Tel. +66 2614 6000, Credit Suisse Securities (Malaysia) Sdn Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India (registration Nos. INB230970637; INF230970637; INB010970631; INF010970631), having registered address at 9th Floor, Ceejay House, Dr.A.B. Road, Worli, Mumbai - 18, India, T. +91-22 6777 3777, Credit Suisse Securities (Europe) Limited, Seoul Branch, Credit Suisse AG, Taipei Securities Branch, PT Credit Suisse Securities Indonesia, Credit Suisse Securities (Philippines) Inc., and elsewhere in the world by the relevant authorised affiliate of the above. Research on Taiwanese securities produced by Credit Suisse AG, Taipei Securities Branch has been prepared by a registered Senior Business Person. Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn Bhd, to whom they should direct any queries on +603 2723 2020. This report has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (each as defined under the Financial Advisers Regulations) only, and is also distributed by Credit Suisse AG, Singapore branch to overseas investors (as defined under the Financial Advisers Regulations). By virtue of your status as an institutional investor, accredited investor, expert investor or overseas investor, Credit Suisse AG, Singapore branch is exempted from complying with certain compliance requirements under the Financial Advisers Act, Chapter 110 of Singapore (the "FAA"), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which Credit Suisse AG, Singapore branch may provide to you. This information is being distributed by Credit Suisse AG, Dubai Branch, duly licensed and regulated by the Dubai Financial Services Authority (DFSA), and is directed at Professional Clients or Market Counterparties only, as defined by the DFSA. The financial products or financial services to which the information relates will only be made available to a client who meets the regulatory criteria to be a Professional Client or Market Counterparty only, as defined by the DFSA, and is not intended for any other person. This research may not conform to Canadian disclosure requirements. In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements. Non-U.S. customers wishing to effect a transaction should contact a CS entity in their local jurisdiction unless governing law permits otherwise. U.S. customers wishing to effect a transaction should do so only by contacting a representative at Credit Suisse Securities (USA) LLC in the U.S. Please note that this research was originally prepared and issued by CS for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of CS should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. This research may relate to investments or services of a person outside of the UK or to other matters which are not authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority or in respect of which the protections of the Prudential Regulation Authority and Financial Conduct Authority for private customers and/or the UK compensation scheme may not be available, and further details as to where this may be the case are available upon request in respect of this report. CS may provide various services to US municipal entities or obligated persons ("municipalities"), including suggesting individual transactions or trades and entering into such transactions. Any services CS provides to municipalities are not viewed as "advice" within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CS is providing any such services and related information solely on an arm's length basis and not as an advisor or fiduciary to the municipality. In connection with the provision of the any such services, there is no agreement, direct or indirect, between any municipality (including the officials, management, employees or agents thereof) and CS for CS to provide advice to the municipality. Municipalities should consult with their financial, accounting and legal advisors regarding any such services provided by CS. In addition, CS is not acting for direct or indirect compensation to solicit the municipality on behalf of an unaffiliated broker, dealer, municipal securities dealer, municipal advisor, or investment adviser for the purpose of obtaining or retaining an engagement by the municipality for or in connection with Municipal Financial Products, the issuance of municipal securities, or of an investment adviser to provide investment advisory services to or on behalf of the municipality. If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content. Principal is not guaranteed. Commission is the commission rate or the amount agreed with a customer when setting up an account or at any time after that.

Copyright © 2015 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

Investment principal on bonds can be eroded depending on sale price or market price. In addition, there are bonds on which investment principal can be eroded due to changes in redemption amounts. Care is required when investing in such instruments.

When you purchase non-listed Japanese fixed income securities (Japanese government bonds, Japanese municipal bonds, Japanese government guaranteed bonds, Japanese corporate bonds) from CS as a seller, you will be requested to pay the purchase price only.